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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, NOVEMBER 3, 1999

IN THE MATTER OF:

FEDERAL EMPLOYEES CREDIT UNION
OF PETERSBURG, INCORPORATED
Merger with THE RICHMOND POSTAL
CREDIT UNION, INCORPORATED

CASE NO. BFI990050

ORDER APPROVING THE MERGER

The Staff of the Bureau of Financial Institutions
("Bureau") has reported and represented to the Commission:

(1) Federal Employees Credit Union of Petersburg, Incorporated ("FECUP"), is a credit union incorporated pursuant to the Virginia Credit Union Act. It has assets of some \$1.2 million, and its office is located at 29 Franklin Street, Petersburg, Virginia.

(2) FECUP has had several successive unsatisfactory examinations; these have resulted in a Letter of Understanding and Agreement dated August 2, 1996, and a Cease-and-Desist Order dated May 22, 1998. On its latest examination, as of February 28, 1999, FECUP again received an unsatisfactory rating.

(3) Management's efforts to improve the condition of the Credit Union have been ineffectual. Delinquencies have increased to an unacceptably high level, and required allocations to reserve accounts have resulted in operating

losses for 1998 and 1999. Recently FECUP's office manager resigned, and she has not been replaced. There has been a lengthy vacancy on the five-member board of directors of FECUP, and the health of its president is poor. The conversion of FECUP's data processing system must be expedited in order to meet "Year-2000" concerns.

(4) The board of directors of FECUP and the board of directors of The Richmond Postal Credit Union, Incorporated ("TRPCU"), also a Virginia state credit union, have approved a plan of merger that provides, among other things, that members of FECUP will become members of TRPCU.

(5) The board of TRPCU has been assured by the National Credit Union Administration that all the accounts of the resulting credit union will be insured by the National Credit Union Share Insurance Fund.

(6) An emergency exists, and it is in the best interest of the members of FECUP to have it merged into TRPCU immediately. Although FECUP is not insolvent, its apparent inability to halt the deterioration of its financial condition warrants this immediate supervisory action which the Bureau seeks.

Having considered the report and the above representations of the Bureau, the Commission finds that an emergency exists, that the boards of directors of both credit unions have approved a merger of FECUP and TRPCU, and that the merger is in the best

interest of the members of Federal Employees Credit Union of Petersburg, Incorporated.

Accordingly, IT IS ORDERED, pursuant to § 6.1-225.10 of the Code of Virginia, that the merger of Federal Employees Credit Union of Petersburg, Incorporated into The Richmond Postal Credit Union, Incorporated is hereby approved.

This order of approval shall take the place of the approval of the merger by the members of both credit unions, as provided in § 6.1-225.10 of the Code. Each Credit Union shall notify its members of this merger, and Federal Employees Credit Union of Petersburg, Incorporated shall inform its members as to how credit union services will continue to be provided following the merger.